

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7385

BILL NUMBER: SB 423

NOTE PREPARED: Jan 31, 2015

BILL AMENDED: Jan 29, 2015

SUBJECT: Property Tax Issues.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Multiple-County Appeals Board*: This bill provides that the legislative bodies of two or more counties may adopt substantially similar ordinances to establish a multiple county property tax assessment board of appeals (PTABOA). It provides that a multiple county PTABOA consists of three members appointed by the Governor, not more than two of whom may be from the same political party.

The bill requires the auditor's office for the county with the greatest population in a multiple county PTABOA to provide administrative support to the board. It provides that the county council of each county within a multiple county PTABOA may submit recommendations to the governor for appointments to the board. The bill also provides that the compensation of members of a multiple county PTABOA shall be determined jointly by the fiscal bodies of the participating counties.

Independent Appraisal Stipulation: This bill provides that, following a petition for review contesting the assessed value of tangible property, a taxpayer and a township or county official may enter into an agreement in which both parties agree to stipulate to the assessed value of the tangible property as determined by an independent appraisal. It provides certain provisions that must be included in an agreement, including provisions for selecting an independent appraiser. It also specifies that a taxpayer and township or county official may still enter into a resolution of disputed issues following an informal meeting, notwithstanding the provisions that allow for an independent appraisal and stipulated determination.

The bill requires a PTABOA, upon receipt of an agreement of the parties and an independent appraisal, to enter a stipulated determination of the assessed value of the tangible property in dispute equal to the value as determined by the independent appraisal. It provides that a taxpayer or a township or county official may

seek review before the Indiana Board of Tax Review (IBTR) of a stipulated determination entered by a PTABOA.

Tax Court Workload Review: This bill also requires the Indiana Judicial Center to review the workload and backlog of cases in the Indiana Tax Court for calendar year 2016 and submit a report of the center's findings, analysis, and recommendations (if recommendations are made) to the Legislative Council before December 1, 2016.

The bill makes conforming amendments.

Effective Date: July 1, 2015; January 1, 2016.

Explanation of State Expenditures: *Tax Court Workload Review:* This review must be completed and a report submitted by December 1, 2016. Costs for the study could be incurred in FY 2016 and FY 2017. The bill permits the Judicial Center to employ contract services for this purpose. The Judicial Center is currently working on a cost estimate but the amount is not currently available. This fiscal note will be updated when the cost estimate is available.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Multiple-County Appeals Board:* Each multicounty board will receive administrative support from the auditor of the member county with the greatest population in the district. The administrator will be required to coordinate with each member county assessor, keep minutes, and perform other necessary duties. In addition, the county assessor of the administrative county will be required to advertise and electronically post notices of each annual session of the board.

Any change in county expenses resulting from joining a multi-county PTABOA will depend on local action in setting salaries for the new board members and in any savings that might be realized from consolidating operations.

(Revised) *Independent Appraisal Stipulation:* This provision could reduce the number of appeal hearings held by the PTABOA. While the PTABOA will choose the appraiser from among three potential appraisers, it is unclear as to who will pay for the appraisal. If the county pays for all or part of the appraisal, then the cost of the appraisal could offset part of any savings achieved from not having to hold a hearing.

Explanation of Local Revenues:

State Agencies Affected: Indiana Judicial Center.

Local Agencies Affected: County property tax boards of review; County auditors; Local assessors.

Information Sources: Jane Seigel, Indiana Judicial Center.

Fiscal Analyst: Bob Sigalow, 317-232-9859.